

## Message Text

CONFIDENTIAL

PAGE 01 BERN 01578 061001Z  
ACTION EUR-12

INFO OCT-01 ISO-00 NSCE-00 SSO-00 INRE-00 ICAE-00  
AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-10  
NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04  
SIL-01 OMB-01 SS-15 STR-07 CEA-01 L-03 H-01 PA-01  
/080 W

-----013271 061016Z /15

O 060920Z APR 78  
FM AMEMBASSY BERN  
TO SECSTATE WASHDC IMMEDIATE 6040

C O N F I D E N T I A L BERN 1578

PASS TREAS AND FRB

E.O. 11652: GDS  
TAGS: EFIN, SZ  
SUBJECT: MONETARY POLICY: STATEMENT OF SNB PRES LEUTWILER  
ADVOCATING THAT US BORROW IN FOREIGN CURRENCIES

1. ACCORDING TO REUTERS DISPATCH, SNB PRES LEUTWILER  
IN AN INTERVIEW GIVEN TO DANISH DAILY "BOERSEN",  
SAID THAT US SHOULD ISSUE A LARGE LOAN DENOMINATED  
IN SWISS FRANCS AND DM AND THAT FURTHERMORE IT IS  
NOW UP TO AMERICANS TO TAKE MEASURES TO IMPROVE  
SITUATION FOR THEIR CURRENCY.

2. LEUTWILER HAS TOLD US THAT AS BEST HE CAN  
RECOLLECT THE QUESTION WAS RAISED BY INTERVIEWER  
AS FOLLOWS: WHAT ADDITIONAL MEASURES COULD US TAKE  
IN SHORT RUN TO IMPROVE POSITION OF DOLLAR? LEUTWILER  
SAID HE RESPONDED THAT ONE OF THE PROBLEMS IN THE  
MARKETS IS THAT THE MARKETS ARE NOT CONVINCED US  
DISPOSES OF SUFFICIENT RESOURCES TO ACHIEVE AVOWED  
GOAL OF ITS POLICY, I.E., TO DEAL WITH DISORDERLY  
MOVEMENTS OF RATES OF EXCHANGE. ONE OF THE THINGS  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BERN 01578 061001Z

US COULD DO WOULD BE TO ISSUE A VERY LARGE LOAN  
DENOMINATED IN FOREIGN CURRENCY.

3. LEUTWILER TOLD US THAT HE IS FULLY AWARE OF US  
POLICY ON THIS QUESTION AND OF REASONS FOR THAT  
POLICY. NONETHELESS, HE DOES NOT SEE HOW CALM CAN  
BE RESTORED IN MARKETS UNLESS IT IS MADE CLEAR TO

THOSE OPERATING IN MARKETS THAT US DOES HAVE RESOURCES TO DEAL WITH DISORDERLY CONDITIONS. HE CONSIDERS THAT TRENDS IN MARKET OVER THE PAST FEW DAYS ARE SUCH AS TO INDICATE THAT ANNOUNCEMENTS MADE UP TO NOW WITH REGARD TO RESOURCES AVAILABLE HAVE NOT BEEN CONVINCING.

4. EMBASSY COMMENT: OTHER SWISS HAVE TOLD US THAT SWITZERLAND CAN STAND A GRADUAL APPRECIATION OF SF BUT THAT FUTHER RAPID MOVEMENT, COMING ON TOP OF STRUCTURAL ADJUSTMENTS ALREADY FORCED BY PREVIOUS APPRECIATION OF SF, WILL CAUSE SERIOUS PROBLEMS. WE BELIEVE THAT LEUTWILER'S STATEMENT, WHICH WAS A SURPRISE TO HIS STAFF, WAS INTENDED TO PUSH US TOWARDS A FURTHER PUBLIC STATEMENT.  
WARNER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CURRENCIES, FINANCIAL TRENDS, PRESS CONFERENCES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BERN01578  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780148-0737  
**Format:** TEL  
**From:** BERN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780487/aaaacvyu.tel  
**Line Count:** 77  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** b39e5cb5-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 03 jun 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3059715  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MONETARY POLICY: STATEMENT OF SNB PRES LEUTWILER ADVOCATING THAT US BORROW IN FOREIGN CURRENCIES  
**TAGS:** EFIN, SOPN, SZ, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/b39e5cb5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014